

SECTION 1: Multiple-choice questions

Each question has ONE correct answer.

- 1 Which of the following BEST describes the basic economic problem?
 - a Limited needs and unlimited resources
 - b Unlimited wants and scarce resources
 - c Limited incomes and spending power
 - d Unlimited choices of consumer goods
- 2 Which of the following is a *man-made* resource?
 - a A production worker
 - b A forest
 - c A field of wheat
 - d A factory
- 3 Which of the following is an opportunity cost of using farmland to allow animals to graze?
 - a The cost of animal feed
 - b The price that the animals can be sold for
 - c The use of the land to grow crops
 - d The cost of preparing the land for grazing
- 4 Which of the following is NOT a *factor of production*?
 - a Labour
 - b Money
 - c Enterprise
 - d Capital
- 5 Which of the following is the reward to an entrepreneur?
 - a Profit
 - b Wages
 - c Revenue
 - d Employment
- 6 Which of the following illustrates sustainable use of resources?
 - a Discovering new sources of oil for fuel
 - b Recycling soft drink bottles
 - c Burying rubbish in landfill
 - d Replanting trees following use for fuelwood
- 7 Which of the following is an example of opportunity cost as applied to consumers?
 - a The cost of an item bought regularly
 - b The ability to buy more when prices are lower
 - c The decision to buy a book instead of a CD
 - d The cost of a present bought for a friend
- 8 Which of the following is NOT a decision made by producers?
 - a Which goods or services to produce
 - b Where to locate a factory
 - c How to produce the goods or services
 - d How much of the good or service will be bought
- 9 Why must a government consider the opportunity cost of spending decisions?
 - a To get the best value for money
 - b Because the money comes from taxation
 - c Because a choice must be made between alternative uses
 - d To meet all the people's needs
- 10 Which of the following is NOT a scarce resource?
 - a Air
 - b Land
 - c Money
 - d Oil